

**Energy & Commerce Committee  
Oversight & Investigations Subcommittee  
“The *Salmonella* Outbreak: The Role of Industry in Protecting the Nation’s Food Supply”  
Opening Statement  
Rep. Bart Stupak, Chairman  
March 19, 2009**

“Mold was observed growing on the ceiling and walls”...“rain water was observed dripping into the plant’s peanut processing areas”...“6 dead mice were found in the false ceiling area”...air filters were “littered with feathers”...“a live roach and several dead roaches were observed in the firm’s wash room”...“REPs [rodent excreta pellets] too numerous to count were observed.”

The pictures you are seeing, and the quotes I am reading, come from federal inspections of facilities in Georgia and Texas operated by the Peanut Corporation of America. At the Subcommittee’s first hearing on February 11, 2009, we heard testimony about filthy conditions and at least a dozen positive salmonella tests that PCA received in 2007 and 2008.

Today, the Subcommittee will continue its investigation by hearing from representatives of three companies that bought products from these polluted PCA facilities: the Kellogg Company, the King Nut Company, and Vitamin Cottage Natural Food Markets.

We will ask a series of questions today. First, we will ask why their food safety procedures failed to prevent the contamination of their products.

The written testimony submitted for today’s hearing suggests that some of the companies believe PCA was entirely at fault, and that they should not be held responsible for the safety of ingredients they bought from a disreputable supplier. PCA certainly deserves its share of the blame, and there are ongoing criminal investigations of its actions.

But all three of these companies put their own labels on these products. They put their names on them. They represented to the public that these products were safe to eat. And they sold them to consumers who became ill and in some cases died, according to state and federal authorities.

Placing all the blame on PCA would mean that food processors have no responsibility for ensuring the safety of their ingredients. And I simply can’t agree with that.

Second, we will ask whether these companies should have known or suspected problems with PCA before the outbreak. In written testimony submitted today, Martin Kanan, the President and CEO of King Nut, states that PCA’s president, Stewart Parnell, informed King Nut on January 7, 2009, that he had no knowledge of any salmonella issues with his products.

The documents tell a different story. On the same day, January 7, Mr. Parnell sent an e-mail to King Nut's Vice President for Finance and Administration, Joe Valenza.

In this e-mail, PCA's president, Mr. Parnell, forwarded a news account of the emerging outbreak to King Nut's Vice President and said, "Joe, I'm sure it's something we did." Eleven minutes later, King Nut's Vice President replied: "I'm recalling everything." Four minutes later, Mr. Parnell replied: "Now my heart is really in my throat. I think I'm going to church tonight."

Third, we will ask why none of these companies ever asked PCA officials to disclose their positive tests for salmonella. If your supplier tests positive, this is definitely something you should find out, and it's certainly something your customers deserve to know.

Even industry insiders recognized this. In an e-mail on February 5, 2009, an official at a private food safety auditing firm wrote to a co-worker: "[T]he biggest problem was with the positive micro data that they ignored. ... this data was not initially available for the FDA either. They had to really pry into their documentation before uncovering the additional test results."

Fourth, we will ask why these companies relied on audits by AIB, a firm that was selected and paid by PCA. There is an obvious and inherent conflict of interest when an auditor works for the same supplier it is evaluating, and several documents show evidence of this cozy relationship.

On December 22, 2008, PCA's auditor e-mailed Sammy Lightsey, the manager of PCA's Georgia plant, to give him advance notice of an upcoming inspection. He stated: "You lucky guy. I am your AIB auditor. So we need to get your plant set up for any audit." The result of that audit was a rating of "superior."

The conclusions were completely different when the auditors were not paid by PCA. Today, we will release several audits that have not yet been made public. They were conducted not by the auditor PCA hired, but by internal auditors working for Nestle USA.

In 2002, Nestle auditors found that PCA's Georgia facility had no plan to address microbiological hazards like salmonella. Their audit found a "potential for microbiological cross contamination" and concluded that PCA was "not in compliance" with housekeeping, sanitation, and pest control standards. The audit noted:

- "Rodent droppings in the break room cabinets"
- "Live Flour beetle activity in the blancher room"
- "Dead Flour beetles found in stored screens in the bleacher room"
- "Dead insects found on the interior perimeters"

The audit warned that "it is critical that these deficiencies are addressed." But its findings in 2002 were similar to those of federal investigators seven years later.

Nestle USA also conducted an audit of PCA's Texas facility in 2006 and came to similar conclusions. As a result, Nestle USA rejected PCA as a supplier. We will ask the other companies here today why they did not do the same. If they had, perhaps some of these illnesses and deaths would have been avoided.

In conclusion, I ask unanimous consent that the documents in my opening statement and in the binder prepared by staff be entered into the official hearing record.